

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
May 30, 2001
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on May 30, 2001 in Room 9-040 in the James R. Thompson Center at 100 W. Randolph, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Gregory C. Jones and Members Sterling M. Ryder, Ira Rogal, and Staci Yandle. Member Levine was not present for the May 30, 2001 meeting.

Also in attendance were: Administrator Sergio E. Acosta, Deputy Administrators Joseph Haughey, Allan S. McDonald, Thomas Swoik, James W. Wagner, and Deputy Chief Legal Counsel Jeannette P. Tamayo, and other members of the staff.

Chairman Jones convened the May 30, 2001 Regular Meeting at 9:00 A.M. in the 3rd floor Board Conference Room. Member Rogal moved **that the Board retire to Closed Session Pursuant to Section 2 (c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Ryder seconded the motion. The Board adopted the motion by unanimous consent, and retired to closed session.

The Board convened its Open Session at 1:55 P.M.

Approval of Minutes

Member Ryder moved that **the Board approve the following closed session minutes of the Illinois Gaming Board:**

Closed Session Minutes:

- **Regular Meeting of April 16, 2001**
- **Regular Meeting of April 17, 2001**
- **Special Meeting of May 9, 2001**

Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

Member Ryder moved that **the Board approve the following open session minutes of the Illinois Gaming Board:**

Open Session Minutes:

- **Regular Meeting of April 16, 2001**
- **Regular Meeting of April 17, 2001**
- **Special Meeting of May 9, 2001**

Member Rogal seconded the motion. The Board approved the motion unanimously by voice vote.

Board Member Comments

Member Ryder stated that on April 9, 2001 he sent a letter to Governor Ryan seeking re-appointment to the Board once his current term expires at the end of June. Member Ryder stated that the column that was printed in the Chicago Sun-Times in the end of April stating that he was moving to Oregon and not seeking re-appointment was false. Member Ryder stated that he has asked to be re-appointed and is the Governor's prerogative to re-appoint him or not. Member Ryder stated that he feels that the reporter for the Sun-Times did a disservice to everyone concerned by not asking him or the Gaming Board's Public Information Officer Gene O'Shea what his position was on the matter. Member Ryder stated the fact of the matter is that he does have a house in Oregon and he has been going out there for the last seven years to play golf.

Administrator's Report

Administrator Acosta announced that the Gaming Board has two attorneys, Carla Davis and Michael Fries, who would be starting work for the Board on Friday, June 1st. Mr. Acosta stated that the Gaming Board is looking forward to having the attorneys on staff. Mr. Acosta stated that both attorneys are very experienced and will be an outstanding addition to the staff. Mr. Acosta expressed his gratitude to the licensees and to Gaming Board's Enforcement staff for the outstanding job in handling the situation that arose at the end of April in regards to problems with WMS electronic gaming devices. Mr. Acosta also thanked WMS for how they handled the situation. Mr. Acosta stated that it was a good example of how cooperatively everyone can get together and resolve situations that arrive unexpectedly.

Public Commentary

Seth Eisenberg, MD, President, Illinois Council on Problem Gambling, was present to update the Board on some of the Illinois Council's recent activities. Dr. Eisenberg stated that the Illinois Council has been fortunate enough to engage in collaboration with Bensinger Dupont and Associates and Procter Hospital on the statewide problem gambling counselor training. Dr. Eisenberg stated that training is occurring across the state for counselors in the Office of Mental Health and the Office of Alcoholism and Substance Abuse. Dr. Eisenberg stated that his daytime job with the Office of Alcohol and Substance abuse allows him to be familiar with counselors who are in the field. Dr. Eisenberg stated that the counselors have universally felt that the training has been an enhancement to their overall understanding of the addiction process as well as their counseling skills. Dr. Eisenberg stated that another project that the Illinois Council has been involved in is the consultation for the Public Awareness program, which is being funded by the Department of Human Services. Dr. Eisenberg stated that the Illinois Council is providing consultation on the content of public service announcements and videos, which may soon be seen and heard across the state. Dr. Eisenberg stated that the Illinois Council has also been working hard to develop partnerships with other entities concerned about the issues of problem gambling across the state. Dr. Eisenberg stated that the Illinois Council supports the Gaming Board's efforts in implementing a Self-Exclusion Policy. Dr. Eisenberg stated that the Illinois Council did not have any comments about the text of the policy, but is concerned about the process of the policy. Dr. Eisenberg stated that these types of programs should be informed by the most scientific knowledge about the most helpful type of self-exclusion intervention and types of intervention that may actually be harmful to individuals with gambling problems. Dr. Eisenberg stated that the National Council on Problem Gambling is having their national conference in June in Seattle. Dr. Eisenberg stated that there would be a panel participating which will address self-exclusion across the country. Dr. Eisenberg stated that it's the National Council's interest to develop a white paper to inform the states as they move forward with these activities.

Member Ryder stated that if the Board elects to go forward with its Self-Exclusion Policy, Dr. Eisenberg would have more than ample time to come back before the Board and inform them of the activities from the conference.

Susan S. Gouinlock, Executive Director, Illinois Casino Gaming Association, was present to present the Board with the Illinois Casino Gaming Association's annual report for the year 2000. Ms. Gouinlock stated that close to twenty million people visited Illinois casinos last year, which is about fifty-two thousand people a day. Ms. Gouinlock stated that last year ICGA member casinos delivered a top quality entertainment product in a highly competitive market and as a result delivered the substantial benefits that the state and the local communities have come to expect from the industry. Ms. Gouinlock stated that public appreciation for the high standards maintained by ICGA members is demonstrated by the tens of thousands of letters unsolicited that are sent to the casinos every year. Ms. Gouinlock stated that top quality casino gaming produced top quality economic and civic benefits last year. Ms. Gouinlock stated that Illinois' nine casinos employed close to eleven thousand people on a full-time basis last year, which generated \$252 million dollars in wages and salaries and an additional \$52 million dollars for employee benefits. Ms. Gouinlock stated that on average, more than 50% of ICGA member's employees were woman and 29% were minorities. Ms. Gouinlock stated that in 2000 the Illinois casino industry generated more than \$512 million dollars in wagering and admissions taxes, of that, \$410 million dollars went to the state. Ms. Gouinlock stated that last year, charitable causes received substantial support from ICGA members. Ms. Gouinlock stated that lead by the Grand Victoria, ICGA members collectively committed more than \$21 million dollars in cash to charitable and civic causes across the state of Illinois. Ms. Gouinlock stated that aside from cash donations, casino employees also donated their time and talents to a variety of charitable and community service projects. Ms. Gouinlock pointed out to the Board that a section of the annual report lists some of the responsible gaming resources. Ms. Gouinlock stated that the resources has a lot to do with the Illinois Casino Gaming Association. Ms. Gouinlock stated that ICGA sponsors the 1-800-gambler help line service, which is conducted by Bensinger Dupont and Associates. Ms. Gouinlock stated that ICGA strongly supports the Board's Self-Exclusion Program. Ms. Gouinlock stated that pathological gambling is a serious and complex illness. Ms. Gouinlock stated the ICGA believes that a state administered self-exclusion program can effectively help those who need help, while not unduly disrupting the entertainment experience of the tens of millions of people who gamble responsibly in Illinois.

Anita R. Bedell, Executive Director, Illinois Church Action on Alcohol Problems, was present to discuss her concerns about the Board having their regular monthly meetings in different areas of the state. Ms. Bedell stated that, from a public perspective, she does not believe it's good to meet at casino hotels. Ms. Bedell stated that in March, prior to the Board conducting its April meeting in East St. Louis, she asked Administrator Acosta if the Board could adopt a policy that all future Board meetings be held at state owned facilities. Ms. Bedell stated that holding regulatory meetings on casino property could give the appearance that the casinos that are hosting the meetings are unduly influencing Board members. Ms. Bedell stated that holding meetings in other parts of the state is added taxpayer expenses and

added staff time to set up the meetings. Ms. Bedell stated that another one of her concerns about the Board holding its meetings in other area of the state is that the public might feel uncomfortable going to a meeting in their own community, especially those who are recovering from gambling or alcohol addiction. Ms. Bedell stated that another concern of hers was the appointment of Member Ira Rogal. Ms. Bedell presented the Board with several newspaper articles regarding Member Rogal's appointment. Ms. Bedell stated that she talked with the Senate committee that is responsible for Member Rogal's approval, and that the committee informed her that Member Rogal's name had not come up for approval because they have not received the paper work from the Governor. Ms. Bedell stated that another concern is a newspaper article that talked about Member Rogal's lobbying firm being involved in expansion of gambling efforts. Ms. Bedell stated that with all that is involved, the Illinois Church Action on Alcohol Problems feels that there is no way Member Rogal could be impartial. Ms. Bedell requested that Member Rogal step down from his position with the Board or ask the Governor to remove his name from the appointment on the Illinois Gaming Board.

Member Yandle stated that she feels that it's not unusual that Board members are allowed to serve on the Board pending confirmation, which was the case with respect to her confirmation.

Member Ryder stated that with all due respect to Ms. Bedell, he feels that it's arrogant and presumptuous to assume that the Board is going to be influenced by conducting its meetings on site. Member Ryder stated that he found April's regular meeting in East St. Louis extremely beneficial and informative and that several reporters walked around with the Board when they toured the casino. Member Ryder stated that he learned something about economic development while he was in East St. Louis that he wouldn't have learned if the meeting was held at the Chicago office. Member Ryder stated that he feels that the latter part of Ms. Bedell's argument should have been made in the General Assembly and Governor's office.

Chairman Jones stated that he thought it was useful for the Board members to appear at locations because the Board generally don't have a chance to go due to busy schedules and frequently it's hard for Board members to go down sites, certainly more remote sites than the Chicago sites. Chairman Jones stated that it's very useful for all of the Board to see the different locations that they regulate, and a Board meeting requires a forum, which provides the focus that everyone has to go there. In response to Ms. Bedell's comments that there weren't many people from the public at the meeting in East St. Louis, Chairman Jones stated that one of the main purposes of having the meeting at Casino Queen was to give the people in the community an opportunity to hear the Board and see the functions and dynamics of what goes on at the Board meetings. Chairman Jones also stated that in the two meetings where he has been present, Member Rogal has been a valuable resource for the Board and he's done an outstanding job. Tom Grey, Executive Director, National Coalition Against Legalized Gambling, was present to discuss the Argosy investigation. Mr. Grey stated that the bar on the Argosy investigation is higher than it was for Argosy's licensing in Alton. Mr. Grey stated that, the bar has been raised by decisions that has been made on Jack Binion,

Empress, and the Emerald Casino. Mr. Grey stated that he believes that a thorough investigation is being undertaken, the same as it was with the Binion and Emerald issue. Mr. Grey stated that the thing that caught his attention was what has happened in Kenosha with the agreement that was entered into. Mr. Grey stated that if the casino was placed in Kenosha, it was going to impact the Chicago market, which would have impacted the revenues. Mr. Grey stated that he hopes that the investigation will continue and the Board will consider keeping the bar as high. Mr. Grey also expressed his concerns in regards to the changes that were taking place in Springfield. Mr. Grey stated that there was an attempt to merge the two Boards. Mr. Grey stated that it is his understanding that Chairman Jones didn't request that the Board be merged with the Racing Board. Mr. Grey stated that he feels that Mr. Brunsvold woke up one morning and figured it would be a cost-effective way of saving money by merging the two Boards. Mr. Grey stated that the National Coalition Against Legalized Gambling was very much opposed to the merging of the Boards. Mr. Grey stated that the Gaming Board and the Racing Board are two different Boards dealing with two different products. Mr. Grey stated that the National Coalition Against Legalized Gambling lobbied against the merge and were successful, however, the next thing he knew was that they wanted to add two people to the Board. Mr. Grey stated that he feels that it's much easier to get four yes votes out of a seven member Board than it is to get three yes votes out of a five member Board. Mr. Grey stated that the very people that got the bill passed are now trying to impact the nature of the Boards. Mr. Grey stated that he doesn't like what he sees out of legislative actions and appointments. Mr. Grey expressed his opinions on Silver Eagle, presently known as Emerald Casino, Inc. Mr. Grey recapped the events that transpired since Silver Eagle opened until now. Mr. Grey stated that he feels that Emerald's threats to sue the Gaming Board are a bluff.

Mark Schwiebert, Mayor of Rock Island, was present to discuss the impact of Casino Rock Island on the city. Mayor Schwiebert stated that the fundamental purpose for the legislation was to be an economic development tool, particularly those communities in Riverside locations such as the City of Rock Island. Mayor Schwiebert stated that revenues from the dockside have not only been used to stimulate the development in the downtown area, but also in the southwest new town area, which is the area for economic growth in the community. Mayor Schwiebert stated that one of the projects that was made possible as a result of the revenues from Casino Rock Island was a food distribution company, which is now one of the nations twenty largest distribution companies. Mayor Schwiebert stated that money was also allocated to fund the construction of a new family aquatic center. Mayor Schwiebert strongly encouraged a favorable action by the Board in regards to Casino Rock Island's license renewal. Mayor Schwiebert stated that the current site of Casino Rock Island is not the best possible location and would be even worse if an expanded operation is contemplated. Mayor Schwiebert stated that Casino Rock Island is located where a considerable amount of barge traffic swings dangerously close to Rock Island's flood wall and dangerously close to the Casino Rock Island. Mayor Schwiebert stated that Casino Rock Island's proposal to re-site to the southwest area as accomplishing several major objectives. Mayor Schwiebert stated that the re-site would maximize the economic development potential, allow for an increase in development for the downtown area, allow the riverfront to be used for other uses, and finally it would reduce the risk of Casino Rock Island being

sideswiped by a barge going up or down the Mississippi River. Mayor Schwiebert stated that with the re-site, the casino could grow to maximize the number of positions that the legislation allows, which in turn would increase the economic benefit to the City of Rock Island and to the State of Illinois.

Member Ryder asked Mayor Schwiebert if it was possible for Casino Rock Island to expand their facilities at their current location.

Mayor Schwiebert stated that CRI would have great difficulty because they have a footprint that has been authorized by the Coast Guard and the Corps of Engineers that would be very confining to do the development that CRI would like to do. Mayor Schwiebert stated that another problem would be parking. Mayor Schwiebert stated that with the kind of expansion that CRI is proposing, it would literally crowd out much of the other activities going on in the district.

Member Ryder asked if CRI would necessarily have to expand in the Mississippi River.

Mayor Schwiebert stated that the boat in the moat concept would be a possibility but then some of the land for surface or elevated parking would be displaced in order to accommodate the footprint of a 40,000 square foot casino.

Chairman Jones stated that the Board did solicit an opinion from the Attorney General on whether the location could be moved to the new site. Chairman Jones asked Deputy Chief Legal Counsel, Jeannette Tamayo to briefly explain the opinion that the Board received today.

Ms. Tamayo quoted the opinion, which was received from the Attorney General's office just minutes before the Open Session meeting. The official response stated that the Illinois Gaming Board is not authorized to permit a licensee to relocate a riverboat gambling operation from its authorized dock on the Mississippi River to another location inland within the same community.

Board Policy Item

SELF-EXCLUSION RULE – Deputy Chief Legal counsel, Jeannette Tamayo stated that staff has submitted to the Board, for consideration, proposed rules that would be subject to First Notice Filing with the Secretary of State. Ms. Tamayo stated that staff has previously circulated one initial draft, that draft was revised and then circulated again to members of the public. Ms. Tamayo stated that at this time, staff has received comments from the Department of Human Services, Gambling Recovery Center, Illinois Church Action on Alcohol Problems, Illinois Casino Gaming Association, advocacy groups, clinicians, and licensees. Ms. Tamayo stated that the comments are very supportive of the concept of the Self-Exclusion Policy, but there are certain issues that have been presented for the Board to consider. Ms. Tamayo summarized topics on which there is some difference of opinion in regards to the process of the Self-Exclusion Policy. Ms. Tamayo stated that staff appreciates

the comments from the general public. Ms. Tamayo stated that the first step would be for the Board to consider whether they will approve the policy for First Notice Filing.

Member Ryder stated that he came away from the Board's all day session a year ago on problem gambling, and he is strongly convinced that after listening to a number of people a centralized Self-Exclusion Policy applicable over the entire state and all of our licensees, is a good idea. Member Ryder stated that he is going to vote in favor of First Notice largely because of that belief, but this vote doesn't really count, it puts it on First Notice and then it goes through another public comment period. Member Ryder stated that doesn't want to give anyone the impression that by voting for First Notice today, that he is automatically going to vote for it to be passed on to JCAR after the public comment process.

Member Rogal thanked Jeannette for her hard work. Member Rogal stated he hasn't had time to read some of the comments as of yet, however, he plans to vote for submitting the rule.

Chairman Jones stated that he has had a chance to review the rule and he thinks it's a well-drafted draft at this point. Chairman Jones stated that, the Board and staff have tried to consider all interest and incorporate everyone's thoughts to create a draft that works.

Member Yandle moved that **the Board authorize staff to submit proposed Rules 3000.705, 3000.750, 3000.751, 3000.752, 3000.755, 3000.756, 3000.760, 3000.770, 3000.780, 3000.783, 3000.785, 3000.790 and 3000.793, as revised, for First Notice Filing with the Secretary of State upon final review and approval by the Administrator.**

Member Rogal seconded the motion. The Board approved the motion unanimously by voice vote.

Owner Licensee Items

ARGOSY/EMPRESS ACQUISITION - Mr. Dale Black, Chief Financial Officer for Argosy, and Don Malloy, General Counsel were present to discuss plans to purchase Empress Casino from Horseshoe Gaming Corporation. Mr. Black stated that Argosy has worked very closely with staff in answering all of their questions or providing them with information as they go through the investigation of the license transfer. Mr. Black stated that this is an opportunity that Argosy is very pleased to have. Mr. Black briefed the Board on the proposed financing for the transaction. Mr. Black stated that Argosy has provided staff with an outline of the proposed structure for the financing. Mr. Black stated that Argosy is in the documentation phase of the credit agreement. Mr. Black stated that once the transaction is completed, Argosy would continue to have one of the strongest balance sheets of the gaming industry. Mr. Black stated that Argosy expect to be able to close the transaction subject to review and everything that goes along with the approval of transfer, by the end of June or the first part of July. Mr. Black stated that the financing would not change the status of any of Argosy's Illinois assets.

Member Ryder questioned Mr. Black about Argosy's association with Ni-Jii and Ni-Jii activities in Wisconsin.

Mr. Black stated that Argosy has had several questions from staff regarding Ni-Jii and issues dealing with Ni-Jii, however, those issues are not part of any of Argosy's contracts.

EMERALD CASINO – PROPOSED CREDIT AGREEMENT – Kevin Larson, President and Chief Operating Officer of Emerald Casino, Inc. was present to request initial consideration of their request to allow Emerald to borrow as much as \$5 million dollars from shareholder Donald Flynn. Mr. Larson stated that if the Board approve the request, the funds would be used to pay the company's general administrative expenses, the cost related to the company's pending notice of denial and disciplinary complaint from the Board, and any other litigation that would involve the company. Mr. Larson stated that a final form of the credit agreement has been forwarded to Mr. Acosta for his review.

Member Yandle stated pointed out to Mr. Larson that based on her review, it seems that under the agreement that Emerald is proposing, there is a defaulting event that is defined. Member Yandle stated that one of the events for default would be insolvency. Member Yandle stated that according to Emerald's proposed agreement, insolvency is defined as saying that if the Board approves the agreement, Emerald would already be in default. Member Yandle suggested that Emerald take a look at the issue, because it would be hard for the Board to consider any type of situation where as soon the agreement is signed, Emerald you be in default.

Mr. Larson stated that, that's not his understanding but he will certainly address the issue.

Member Rogal asked Mr. Larson how long he's been the president of the company. Mr. Larson stated that he has been president since the summer of 1996.

Member Rogal asked if Emerald borrowed money in 1999. Mr. Larson stated that there was a shareholder facility that was approved, that was not utilized in 1999. Mr. Larson stated that he could get back to the Board with the particulars.

Member Rogal asked why the credit facility was not used in 1999. Mr. Larson stated that the company didn't have a need to draw against it, subsequent to its approval, there were equity funds that were contributed to the company.

Member Rogal questioned the amount of the equity funds that were contributed. Mr. Larson stated that he doesn't have an exact number but would get back to the Board.

Member Rogal asked if the equity funds were from new investors or existing investors. Mr. Larson stated that they were from new investors.

Member Rogal asked if the Gaming Board approved the investors. Mr. Larson stated that he didn't believe that they had.

Member Rogal asked when was the last time that Emerald Casino was in operation. Mr. Larson stated that the casino was last actively operating in the summer of 1997.

Member Rogal expressed his concerns that if the Board approved the line of credit, how will Emerald pay it back if it's not in operation. Mr. Larson stated that he hopes that Emerald would be able to pay the funds back through operating the casino, or perhaps other means. Member Rogal requested that Mr. Larson address the issue when he provides the Board with the other information that was requested.

Member Rogal asked that if Emerald is not operating and doesn't have any income, couldn't the person who provides the funds declare default or ask for his money back. Mr. Larson stated that if there was an event of default, certainly.

After reviewing Emerald's financial statement that Emerald provided to the Board, Member Rogal stated that it shows a substantial amount of existing notes payable over \$22 million dollars. Member Rogal asked if Mr. Larson could provide the Board with some information as to the nature of the notes and the holder of the notes, so that the Board could make a better determination. Mr. Larson stated that he would.

Member Rogal stated that the financial statements shows that the shareholder equity at the end of the year 2000 was a negative \$2 million, and at the end of 1999 it was also negative, which raises a question with the Board with respect to whether Emerald is technically in default of this agreement. Member Rogal stated that if Mr. Larson has an opinion that states that Emerald isn't in default, he needs to share it with the Board. Mr. Larson agreed that he would.

Member Rogal stated that Emerald's financial statement shows that Emerald issued over \$27 million in common stock in 1998. Member Rogal asked Mr. Larson to explain that. Mr. Larson stated that there was common stock that was issued in 1999, and that he would have to get clarification on this issue.

HARRAH'S CASINO JOLIET – JOHN Q. HAMMONS – PROPOSED INCREASE OF EXISTING CREDIT FACILITY– Suzanne Saxman, representing First Midwest Bank and John Q. Hammons, was present to request the Board's consideration and approval of an

increase of credit provided to Mr. Hammons to financing Harrah's expansion plan. Ms. Saxman stated that she would be happy to provide any further information needed.

PAR-A-DICE/BOYD GAMING CORPORATION – Donna More, Attorney, Ellis Landau, CFO of Boyd Gaming Corporation, and David Daley, General Counsel for Par-A-Dice were present on behalf of Par-A-Dice and Boyd Gaming Corporation. Ms. More stated that Boyd is seeking to amend its current line of credit agreement, which would allow for a \$125 million dollar increase in its credit line. Ms. More stated that Par-A-Dice, along with Boyd's other subsidiaries are a guarantor of that credit line. Ms. More stated that the credit increased is being requested because of a proposed Boyd acquisition of Delta Downs Racetrack in Louisiana. Ms. More stated that Delta Downs Racetrack has allowed slot machines at its facility. Ms. More stated that the proposed acquisition was signed between the parties in late April of this year and the purchase has been fast tracked due to the financial obligations of the seller, as well as hopes that the track will not have to shut down. Ms. More stated that because of the timetable, Par-A-Dice/Boyd Corporation is also requesting that the Board waive the Two-Meeting Rule. Ms. More stated that Boyd and the seller are hoping to close the agreement by the end of the month. Ms. More stated that information on the agreement has been submitted to staff. Mr. Landau briefed the Board on the financial details of the agreement. Mr. Landau stated that in order to close the transaction, Boyd needs to amend its bank agreement. Mr. Landau stated that the amendment would allow the company to make the acquisition, give the seller a note and mortgage, adjust the company's financial test, and would allow Boyd to bring another \$75 million dollars under the loan agreement.

Administrator Acosta asked if the Louisiana Gaming Control Board's approval for slot machines at Delta Downs Racetrack is still pending. Mr. Landau stated that the law has been passed to allow slot machines at tracks, even though there aren't any tracks that have slot machines. Mr. Landau stated that Boyd still has to apply, and that as soon as they acquire the track, they will apply.

Member Ryder stated that since it is a prime location, does it mean that people would stop at the racetrack instead of going to the casinos. Member Ryder asked if there was any question that the Louisiana Gaming Commission would not authorize the slot machines to be placed in the racetrack because it's too much competition and it might harm their casinos. Mr. Landau stated that the only issue that may come before them is Boyd's suitability to operate at the track. Mr. Landau stated that the issue to have slots at the track has been pretty much determined by the law.

Chairman Jones asked if the law controls the number of slots allowed at the racetrack. Mr. Landau stated that the law allows slots in 15,000 square feet of gaming space. Mr. Landau stated that the open issue is how many slots can fit in 15,000 square feet.

Chairman Jones asked Mr. Landau to address the issue regarding the waiver of the Two-Meeting Rule. Chairman Jones asked Mr. Landau what the consequences would be if the Board waited until the June 19th meeting to take action. Mr. Landau stated that the contract that Boyd has requires that the transaction close by May 31st. Chairman Jones asked if the

contract could be extended if the Board decided not to take an action on it today. Mr. Landau stated that it would have to be by mutual agreement of the parties, and he doesn't feel that it would be achievable. Donna More added that there are certain financial matters with the seller that would trigger, in terms of his financial ability that would occur before the next Gaming Board meeting.

Member Yandle asked how long has Boyd been in need of a credit facility. Mr. Landau stated that the contract was signed at the end of April, and was discussed and worked on for about four to six weeks prior to that.

Member Rogal asked if Boyd was going to close the purchase tomorrow. Mr. Landau stated that, the closing would be tomorrow.

Member Rogal asked where the closing was going to take place. Mr. Landau stated that everything is ready to go and will be done in both the local parish and in Baton Rouge, Louisiana. Mr. Landau stated that the majority of the banks have approved the bank facility but Boyd has not signed it, so it is not effective and will not take place without the Board's approval.

Member Rogal asked if the purpose of the request is to draw down some additional funds. Mr. Landau stated that when Boyd signs the bank amendment and it becomes effective, it would allow them to make the purchase tomorrow. Member Rogal asked if the additional funds are needed to make the purchase. Mr. Landau stated that Boyd has adequate funds under its credit facility to make the purchase but there are other matters that are required upon amendment of their bank facility to even close the transaction. Mr. Landau stated that the amendment would allow the transaction and allow Boyd to borrow more funds, which would be the payoff of the note that is being provided to the sellers. Member Rogal stated that he is not inclined to waive the rule, both because of the burden that Boyd has put on the staff and because it is not clear in the material that was provided to the Board that they needed to amend the bank facility to make the purchase. Member Rogal stated that he was under the impression that if Boyd needed to raise the credit limit, it was because they needed the money. Mr. Landau stated that the amendment picks up the permission to close the transaction, and the ability to borrow additional funds, which is not needed for step one. Mr. Landau stated that when Boyd purchase the facility they are paying cash, which they have and they are giving a note to the seller, which is not going to be paid off for several months. Mr. Landau stated that Boyd asked the bank to allow all of the parts of the Delta Downs transaction to proceed, including amending certain covenants and allowing Boyd to incur additional debt. Mr. Landau stated that it takes both of those to allow it to proceed and in one amendment Boyd asked for both. Mr. Landau stated that the part that allows them to proceed is the essential one, the part that allows them to borrow additional funds to take their credit facility from \$700 million to \$825 million could occur at a later date. Mr. Landau stated that if the Board would like, he could come back at a later date to discuss the additional funds matter.

Member Yandle asked the administrator for clarification. Member Yandle stated that as she understand, the purpose of the request to waive the rule requirements is to allow an amendment to the secured line of credit facility, increasing it from one amount to another amount.

Administrator Acosta stated that based on Rule 235(b), it is the pledging as collateral of the licensee that requires the Board's approval.

Mr. Landau stated that the way the amendment reads, it gives Boyd the right to borrow the additional \$125 million dollars, but it does not have to be today.

Member Yandle stated that she really has a concern when this type of transaction is brought before the Board for approval. Member Yandle stated that there is a lot to review and she commanded Deputy Administrator, Al McDonald, and IGB staff for doing their best in providing the Board with a report in such a short period of time. Member Yandle stated that she is not comfortable with making these type of decisions on an expedited basis, where the Board is required to waive a Board rule when it's not necessary.

Donna More stated that Par-A-Dice/Boyd would just proceed with the transaction and not increase their credit line until after the Board has had an opportunity to review everything and take it up at the June meeting.

Administrator Acosta clarified that what triggers the requirement for Board approval is the pledging as collateral. Mr. Acosta stated that it seems to him that until the Board approves a transaction that allows Boyd to pledge as collateral, that portion of the agreement can not go forward. Mr. Acosta stated that, that's the only matter that requires Board approval, the Board's not approving the purchase of Delta Downs. Mr. Acosta stated that at a future meeting, the Board would consider whether or not to approve the part of the transaction that involves the pledging of our licensee's collateral.

CASINO ROCK ISLAND – LICENSE RENEWAL – Ron Wick, President of Casino Rock Island and Donna More were present on behalf of Rock Island to request final approval for license renewal. Ms. More stated that Casino Rock Island has submitted to the Board and staff information that was requested at April's meeting regarding charitable contributions and affirmative action. Ms. More stated that she also had the opportunity to meet with staff regarding a variety of issues. Ms. More stated that as a result of meeting with staff, Rock Island is preparing an internal control submission to address the chain of command and reporting issues. Ms. More stated that right before the meeting, she did receive a copy of the Attorney General's opinion from Deputy Chief Legal Counsel, Jeannette Tamayo. Ms. More stated that she had not had time to thoroughly review the opinion, however in her brief review she noted a couple of things. Ms. More stated that she noticed that the opinion suggest that the Board has the authority only as specifically stated in the statute. Ms. More stated that one of the things noted in the statute is that the Board has the authority and responsibility to protect the health and safety of the patrons. Ms. More stated that she didn't

notice in the opinion that the safety issue had been addressed, however, she would be able to look more closely at the opinion after the meeting. Ms. More stated that she would also like to take a closer look at the section of the opinion that discusses the Mississippi River. Ms. More stated that Casino Rock Island would like the opportunity to submit their commentary on the Attorney General's opinion after they have had a chance to review it more carefully.

Member Yandle stated that she appreciates and commends Casino Rock Island for addressing the issue on affirmative action in an attempt to comply with the statute. Member Yandle stated that her personal belief is that what constitutes a good faith affirmative action plan, at a bare minimum, should address an analysis that has been performed to determine if there is under-utilization by category or by classification of jobs. Member Yandle stated that it's not enough to say what the percentages are generally, the Board needs to know the degree of utilization in each classification and need to know that steps have been taken to know whether or not there is under-utilization. Member Yandle stated that if there is problem with under-utilization, the Board needs to know what goals are being set in order to address it, and what steps are being taken in order to meet the goals.

Ms. More stated that Casino Rock Island submitted the affirmative action plan and staff provided additional information in terms of what the guidelines are as to what the plan should look like. Ms. More stated that Casino Rock Island is going to take what they've submitted and incorporate the information that was received from staff to revise the plan.

Ron Wicks stated that Casino Rock Island will address the issues that the Board has and will have several meetings to discuss the guidelines in order to make sure that Casino Rock Island meets the requirements by the Board.

Chairman Jones stated that another concern that the Board has was the combination of functions that Ron Wicks has. Chairman Jones stated that It's normal practices to have internal audit and security report to the Board of Directors, not to the people in between. Chairman Jones stated that Ron Wicks, who is also on the Board of Directors, is holding three positions, which doesn't provide the kind system needed in reporting to ensure that if there is anything wrong it's going to people that might not have any involvement in it. Chairman Jones stated that his comments have nothing personally to do with Mr. Wicks, it's just standard procedures. Chairman Jones stated that the Board would be making recommendations with respect to how to handle that reporting function.

Ms. More stated that Casino Rock Island is in the process of drafting revisions to address that problem.

Based on a review of the staff's investigation and recommendation, Member Ryder moved that **the Board renew the Owner's License of Rock Island Boatworks Inc., for a restricted term of 2 years. In renewing this owner's license, the Board orders the following:**

- 1. Within 90 days, hire and employ a General Manager;**

2. **Within 7 days, establish a committee of the Board comprised of non-operational directors to which the Internal Auditor and Director of Surveillance report;**
3. **Within 60 days, develop and implement a good faith affirmative action plan as required by Section 7(b)(4) of the Riverboat Gambling Act;**
4. **Within 90 days, provide the Board's staff with a personnel screening and hiring policy and procedure that assures its compliance with Board Rule 3000.150(a); and**
5. **Maintain its \$1.5 million line of credit active until the next renewal date, unless notified earlier by the Board that this condition is no longer required.**

Based on the staff's investigation and recommendation, Member Ryder further moved that **the Board certify and approve the following positions and persons as Key Persons of the licensee:**

1. **Directors of the Corporation;**
2. **President;**
3. **D. James Jumer;**
4. **Ronald Wicks;**
5. **Gary A. Buettner;**
6. **James F. Jumer; and**
7. **John A. Jumer.**

In the event that Rock Island Boatworks Inc. fails to make an appropriate and timely request as specified in Board Rule 3000.405 for a hearing within 5 days of delivery of the written restriction of licensure, this action of the Board shall become the final action of the Board restricting the Owners license application for two years

Member Rogal seconded the motion. The Board approved the motion unanimously by voice vote.

Member Ryder stated that he feels that the two-year restriction is a sensible step. Member Ryder stated that the circumstances that Casino Rock Island is in does not necessarily reflect so much on the operation as it does on the casino's plans, which needs to be an ongoing process of working with the Board. Member Ryder stated that he would like for Casino Rock Island to come back before the Board around September to address some of the conditions that the Board has placed on the casino and to make sure that they have achieved what the Board wants achieved.

CASINO ROCK ISLAND – JAMES PEDULLA, DIRECTOR OF CASINO OPERATIONS – LEVEL ONE – Donna More and James Pedulla were present on behalf of Mr. Pedulla to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Yandle moved that **the Board approve James Pedulla as a Level 1 Occupational Licensee of Rock Island Boatworks Inc.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

HARRAH'S CASINO, JOLIET – BRENT WILLITS, DIRECTOR OF FACILITY OPERATIONS – LEVEL ONE – Michael St. Pierre, General Manager, was present on behalf of Brent Willits to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Rogal moved that **the Board approve Brent Willits as a Level 1 Occupational Licensee of Des Plaines Development Limited Partnership d/b/a Harrah's Casino Cruises Joliet.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

HARRAH'S CASINO, JOLIET – WILLIAM DOOLIN, SURVEILLANCE MANAGER – LEVEL ONE – Michael St. Pierre, General Manager, was present on behalf of William Doolin to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Ryder moved that **the Board approve William Doolin as a Level 1 Occupational Licensee of Des Plaines Development Limited Partnership d/b/a Harrah's Casino Cruises Joliet.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

Suppliers Licensees Items

SIGMA GAME INC./MIKOHN GAMING CORP – REQUEST FOR WAIVER OF BOARD RULE – Bill Kunkle, representing Mikohn Gaming Corp., Rob Piechowiak, Director of Engineering with Sigma Game, and Donna More was present on behalf of Sigma Game Inc. and Mikohn Gaming Corp. to request a waiver of Board Rule 260. Ms. More stated that when the Gaming Board drafted its rules 12 years ago it referred eproms as they related to the functioning of an electronic gaming device. Ms. More stated that now there is many new technologies, one of which is a CD-ROM technology, which both Sigma and Mikohn are utilizing in a variety of their new electronic gaming devices that they are offering for sale. Ms. More stated that this is a matter that Sigma and Mikohn have spoken to staff about and have had people come in to the Gaming Board offices to come in and answer question. Ms. More stated that at various times the Board has looked at rules for submission for First Notice and just through technicalities of the rulemaking process, the rule hasn't moved ahead but she doesn't believe it for any reason as to prohibiting this technology from coming into the state. Ms. More stated that they are present before the Board today because of the length of the rulemaking process, and she requested to the Board that until the rulemaking moves ahead, Sigma and Mikohn be allowed to have the CD-ROM technology in

it's gaming devices. Mr. Kunkle stated that from Mikohn's perspective, some of the most popular new game faces with the CD-ROM technology is being distributed throughout the country but can't yet do that in Illinois because of the problem with the eeprom and CD-ROM system. Mr. Kunkle stated that the CD-ROM system is every bit reliable and secure, if not more so, and satisfies all of the requirements that underlie the basis for testing and for internal control. Mr. Kunkle stated that it would be Mikohn's hope that they could move quickly to go ahead use the technologies and different game faces in Illinois.

Chairman Jones asked if there was an issue where current casinos in Illinois would like to use that technology. Ms. More stated that it is her understanding that casinos in Illinois that would like to purchase the games where the CD-ROM technology is being utilized.

Administrator Acosta stated that this is an issue that has been floating around for a long time with the Gaming Board. Mr. Acosta stated that the Board approved the rule most recently in January of this year, subsequent to that time staff did receive some comments from GLI regarding the proposed rule, which in large part contributed to the delay in getting it filed. Mr. Acosta stated that the rule was filed last Thursday with the Secretary of State. Mr. Acosta stated that he expects that the rule would be in place by the end of the summer, and that there would be a mechanism for the licensees to sell and purchase games including CD-ROM technology.

Member Ryder expressed his concerns in regards to access and how easy it would be to change the payouts on the machine that has an alternative storage memory. Mr. Piechowiak addressed Member Ryder's concerns.

Member Ryder asked Mr. Piechowiak if training would be provided to staff in order to operate the new technology. Mr. Piechowiak stated that trained staff would be sent out to different jurisdictions for training. Member Ryder stated that he doesn't think there is a need to wait until the conclusion of the rule process to start the training process. Member Ryder stated that there may be some fine tuning of the rule but he feels that the general consensus is that the Board is going to move forward with this. Member Ryder stated that advanced preparation would be need to take this issue up at the July meeting.

Ms. More stated that given that time table, she could go back and talk about it with Administrator Acosta in terms of preparation while the rule process is moving forward. ANCHOR GAMES – LICENSE RENEWAL – Susan Walker, Vice President of Regulator Compliance of Anchor Games, was present on behalf of Anchor Games to request approval for license renewal.

Based on the staff's investigation and recommendation, Member Ryder moved that **the Board approve the Supplier's license of Anchor Coin Inc. for a term of 4 years. In renewing this Supplier's License, the Board orders the following:**

Anchor Coin Inc. must comply with all requirements of the Riverboat Gambling Act, including the timely and accurate filing of Supplier Quarterly Reports.

Based on the staff's recommendation, Member Ryder further moved that **the Board certify and approve the following positions, entity and person as Key Persons of the licensee:**

- 1. Chief Executive Officer;**
- 2. President;**
- 3. Anchor Gaming; and**
- 4. Thomas J. Matthews.**

Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

MIKOHN GAMING CORPORATION – LICENSE RENEWAL – Bill Kunkle was present on behalf of Mikohn Gaming Corporation to request approval for license renewal.

Based on a review of the staff's investigation and recommendation, Member Yandle moved that **the Board approve the Supplier's license of Mikohn Gaming Corporation for a term of 4 years. In renewing this Supplier's License, the Board orders the following:**

Mikohn should submit a written explanation concerning the installation of the four unapproved Yahtzee slot machines at the Player's Island Casino within 30 days.

Member Rogal seconded the motion. The Board approved the motion unanimously by voice vote.

SIGMA GAME, INC. – LICENSE RENEWAL – Donna More was present on behalf of Sigma Game, Inc. to request approval for license renewal.

Based on a review of the staff's investigation and recommendation, Member Ryder moved that **the Board approve the Supplier's license of Sigma Game, Inc. for a term of 4 years.**

Based on the staff's investigation and recommendation, Member Ryder further moved that **the Board certify and approve the following positions, entity and persons as Key Persons of the licensee:**

- 1. Chief Executive Officer;**
- 2. President;**
- 3. K.M. Inc.;**
- 4. Katsuki Manabe; and**
- 5. James P. Jackson.**

Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on the staff's investigation and recommendation, Member Rogal moved that the Board approve 155 applications for an Occupational License Level 2, and 437 applications for an Occupational License Level 3.

Member Rogal further moved that the Board direct the Administrator to contact 6 pending applicants for occupational licenses to notify those applicants that staff has recommended that the Board deny their applications for an occupational license and provide these applicants with an opportunity to respond.

Member Rogal further moved that the Board direct the Administrator to issue Notices of Denial to the following 13 applicants for Level 2 and 3 licenses, each of whom previously received notice that staff intended to recommend denial and did not respond or provide additional information to rebut the staff's recommendation:

1. Leslie K. Arnold;
2. Qiana D. Cochran;
3. Peter D'Archangel;
4. Myrna L. Flores;
5. David E. Gardner;
6. Mae K. Hibbard;
7. Charles E. Johnson;
8. Randy D. Leonhart;
9. Matthew J. Olino;
10. April L. Shaw;
11. Maria I. Simpson;
12. Doyle G. Stallings; and
13. Jeannette Yates.

Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings/ALJ Reports

JAVIER SALGADO - Based on the staff's investigation and recommendation, Member Ryder moved that that the Board deny the request for hearing submitted by Javier Salgado for failure to provide a *prima facie* basis for his hearing request and for failure to meet the requirements of Board Rule 3000.1125 in his hearing request.

Member Rogal seconded the motion. The Board approved the motion unanimously by voice vote.

NATHAN BANNISTER - Based on the staff's investigation and recommendation, Member Ryder moved that **the Board deny the request for hearing submitted by Nathan Bannister for failure to provide a *prima facie* basis for his hearing request.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

WILLIAM S. EDWARDS - Based on the staff's investigation and recommendation, Member Ryder moved **that the Board adopt the findings of fact and conclusions of law contained in the ALJ's Recommended Order and issue a final denial of William S. Edwards' application for an occupational license.** Member Rogal seconded the motion. The Board approved the motion unanimously by voice vote.

EMERALD CASINO, INC. - Pursuant to Sections 3000.405(f) and 3000.1126(b) and based upon review of the parties' written submissions, Member Yandle moved that **the Board deny Emerald Casino Inc.'s Motion to Disqualify, To Stay Proceedings, and/or For Leave to Conduct Limited Discovery and issue a written order setting forth the reasons for the denial.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

At 4:43 P.M. Member Yandle moved **that the Board retire to Closed Session Pursuant to Section 2 (c), paragraphs (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**

Member Rogal seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned at 5:42 P.M.

Respectfully submitted,

Monica Thomas
Secretary to the Board